



MILLS ACT CONTRACT INFORMATION

PROGRAM DESCRIPTION

Mills Act contracts are a historic preservation tool that allow a property tax reduction for property owners who agree to preserve and/or restore their historic structures. The contracts are not limited to single-family dwellings—any type of structure may qualify. Any property that is on the “List of Identified Historic Sites in National City” is eligible for a Mills Act contract.

Properties with Mills Act contracts are re-evaluated by the County Assessor based on the capitalization of income method. This method considers the income-producing (rental) potential of a property rather than its resale value, and generally results in a tax reduction of between 15% and 60% for properties assessed under Proposition 13. The State estimates that the average tax reduction is approximately 50%.

CONTRACT TERMS

Mills Act contracts have a term of 10 years. They are automatically extended for one year on the anniversary date so that the contract always has a 10-year length. Either the City or the property owner may opt not to renew the contract, which would cause it to expire after the 10-year term. The City may cancel the contract following a public hearing if the contract is breached or the property is allowed to deteriorate. If cancelled, the owner must pay a fee of 12½% of the property’s value.

State law requires the contracts to provide for the preservation of the property and for its restoration/rehabilitation where necessary, in compliance with the California Office of Historic Preservation regulations, the U.S. Secretary of the Interior’s Standards for Rehabilitation, and the State Historical Building Code. Contracts provide for necessary inspections and are binding on future property owners.

APPLICATIONS

To following items are necessary to request a Mills Act contract:

- A completed application and processing fee of \$100 per \$100,000 of assessed value of the historic property, not to exceed \$500, prorated to actual assessed value.
- A general maintenance/restoration plan for the structure (prior restoration activities may be listed)
- A description of the structure and its historic value

- Photos of the structure
- A legal description of the property
- A copy of a deed verifying ownership

Property taxes in San Diego County cover the period from July 1 to June 30, and are based on the assessed value as of January 1. In order to allow time for processing, Mills Act contract applications must be submitted by August 31 to affect the upcoming tax cycle.

PROCESSING

Mills Act contract applications will be reviewed by the Planning Department and comments from the Community Development Commission staff and National City Historic Society will be obtained. Contracts will then be presented to the City Council for review and approval.

Once the contract is in place, it will be forwarded to the County to alert them to re-evaluate the property for the upcoming tax cycle. The property owner is responsible for notifying the State of the Contract. The contact is Eugene Itogawa and his phone number is (916) 653-8936. Annual inspections will take place to verify that the property is being maintained/restored in compliance with the contract.